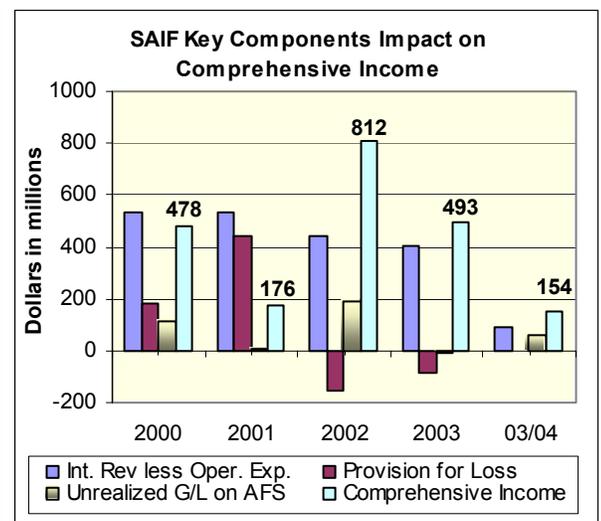
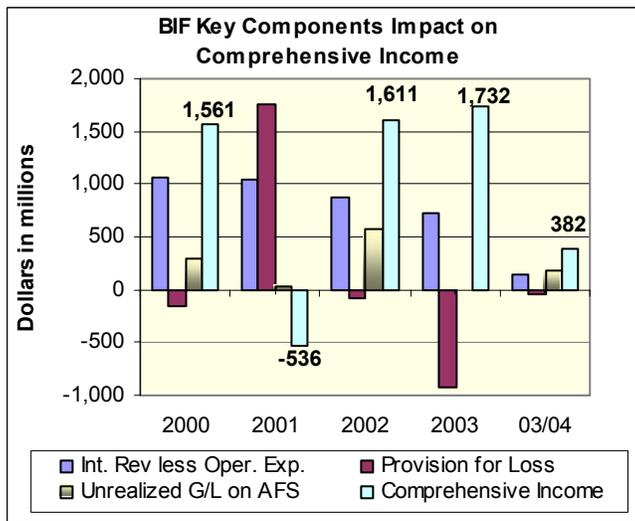
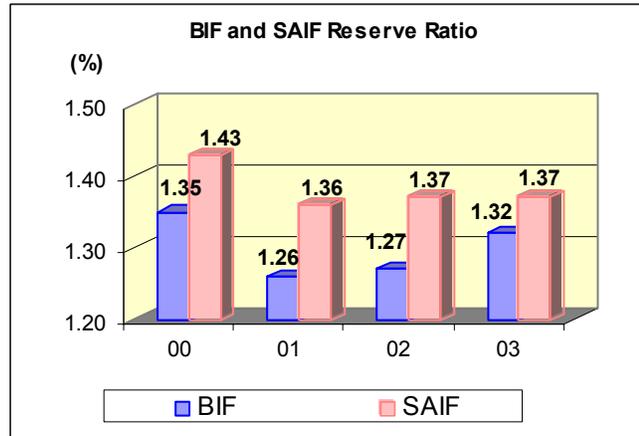




# Financial Analysis Report

First Quarter 2004

- BIF reported \$382 million in comprehensive income for the 1<sup>st</sup> quarter.
- BIF had two failures in the first quarter.
- SAIF reported \$154 million in comprehensive income for the 1<sup>st</sup> quarter.



**FDIC**

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## **Significant Financial Events**

### **For the Three Months Ending March 31, 2004**

#### ***Bank Insurance Fund (BIF):***

- BIF's first quarter comprehensive income rose \$50 million, or 15%, to \$382 million, compared to \$332 million for the same period of last year. This is primarily due to: 1) unrealized gains on available-for-sale securities increasing by \$72 million, and 2) estimated losses for both future and actual failures, as well as litigation, decreasing by \$31 million. These increases to income were offset by a decrease of \$51 million in the amount that interest earnings exceeded operating expenses.
- Receivables from bank resolutions decreased by \$132 million to \$379 million during the first three months of 2004. Recoveries of payments made to cover obligations to insured depositors of failed banks reduced the net receivable by \$168 million during the first quarter. This was offset by 1) a \$14 million increase in the allowance for loss and 2) payments of \$26 million to cover obligations to insured depositors of the two banks that failed during the quarter. These two banks, Reliance Bank and Guaranty National Bank, had assets at failure of \$104 million, and an estimated loss of \$300 thousand.

#### ***Savings Association Insurance Fund (SAIF):***

- Comprehensive income was \$154 million for the three months ending March 31, 2004, compared to \$159 million for the same period last year. This decrease of \$5 million is primarily due to lower interest revenue from U.S. Treasury obligations of \$8 million offset by an increase in unrealized gains on available for sale securities of \$26 million. Additionally, the estimated losses for future failures in the first quarter of 2004 remained unchanged, compared to a \$21 million decrease in estimated losses for future failures for the same period of last year.
- Net receivables from thrift resolutions increased by \$5 million to \$278 million during the first quarter of 2004. During this period, Dollar Savings Bank failed with assets at failure of \$15 million. SAIF made a payment of \$5 million to cover obligations to insured depositors which was offset by an estimated loss of approximately \$1 million.

#### ***FSLIC Resolution Fund (FRF):***

- As of March 31, 2004, the liability associated with future Goodwill and Guarini litigation judgments and/or settlements cannot be reasonably estimated.

##### *Guarini Litigation*

To date, there have been eight "Guarini" cases. One of these cases was settled during 2002 for \$20 thousand. Further, there have been liability determinations in seven of these cases. The United States Court of Federal Claims has entered an award for the plaintiffs in three of these cases, which are all on appeal.

- FRF's comprehensive income was \$26 million for the first quarter, primarily due to activity related to the termination of the final securitization deal in March 2004. These securitizations were investments made by the former RTC in receivership assets.
- FRF paid \$14.5 million (including principle of \$6.2 million and interest of \$8.3 million) to Washington Mutual for overpayment of tax benefits received in prior years based on the Internal Revenue Service dispute over the amount of net operating losses Washington Mutual was entitled to utilize. This liability was accrued at year-end 2003.

### STATISTICAL HIGHLIGHTS

Dollars in Millions

	BIF (Unaudited)		SAIF (Unaudited)	
	03/31/04	03/31/03	03/31/04	03/31/03
Number of Failures, YTD	2	1	1	0
Total Corporate Outlays, YTD	\$ 93	\$ 850	\$ 5	\$ 0
Total Estimated Corporate Losses, YTD	\$ 0	\$ 135	\$ 1	\$ 0
Total Assets at Failure (Current Year)	\$ 104	\$ 1,052	\$ 15	\$ 0
Assets in Liquidation (3)	\$ 329	\$ 1,141	\$ 341	\$ 397
	12/31/03	12/31/02	12/31/03	12/31/02
December 2003/2002 Reserve Ratio (1)	1.32%	1.27%	1.37%	1.37%
December 2003/2002 Fund Balance	\$ 33,782	\$ 32,050	\$ 12,240	\$ 11,747
Estimated Insured Deposits	\$ 2,554,624 (a)	\$ 2,524,474 (a)	\$ 896,493 (a)	\$ 859,205 (a)
Fund Balance Sensitivity (2)	\$ 255	\$ 252	\$ 90	\$ 86
Deposit Base Sensitivity (2)	\$ 19,439	\$ 19,985	\$ 6,628	\$ 6,327
Total Insured Institutions	8,010 (a)	8,143 (a)	1,186 (a)	1,229 (a)

(1) The Reserve Ratio is equal to the fourth quarter Fund Balance divided by the fourth quarter Estimated Insured Deposits. The Statutorily established Designated Reserve Ratio is 1.25%.

(2) Fund Balance Sensitivity is the impact of one basis point change in reserve ratio on fund balance, with deposit base constant. Deposit Base Sensitivity is the impact of one basis point change in reserve ratio on deposit base, with fund balance constant.

(3) Assets in liquidation is the total book value of the noncash assets to be liquidated for all active receiverships and is the main source of repayment of the receivables from closed banks and thrifts.

(a) Source: FDIC Quarterly Banking Profile Fourth Quarter 2003. BIF figure includes 14 and 18 U.S. branches of foreign banks for 2003 and 2002, respectively.

Dollars in Millions

#### BIF YTD Failures

Guaranty National Bank of Tallahassee	\$77	\$0
Reliance Bank	\$27	\$0
<b>Total</b>	<b>\$104</b>	<b>\$0</b>

#### SAIF YTD Failures

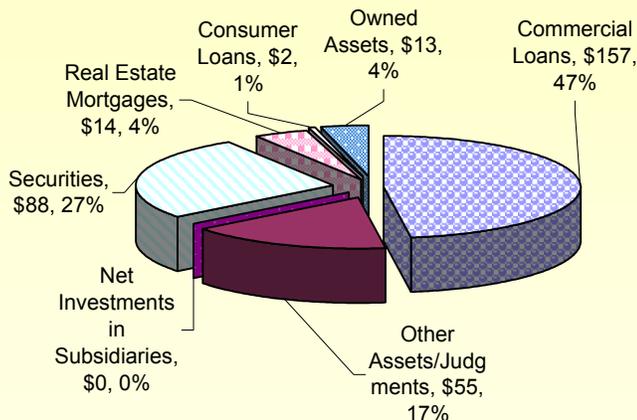
Dollar Savings Bank	\$15	\$1
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#### Assets at Failure

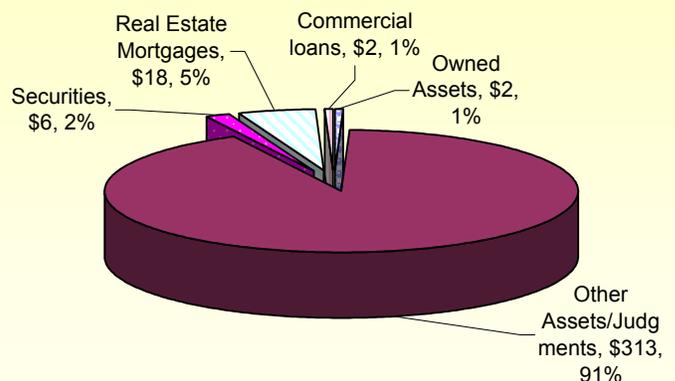
#### Estimated Losses

Dollars in Millions

#### Assets in Liquidation (BIF)



#### Assets in Liquidation (SAIF)

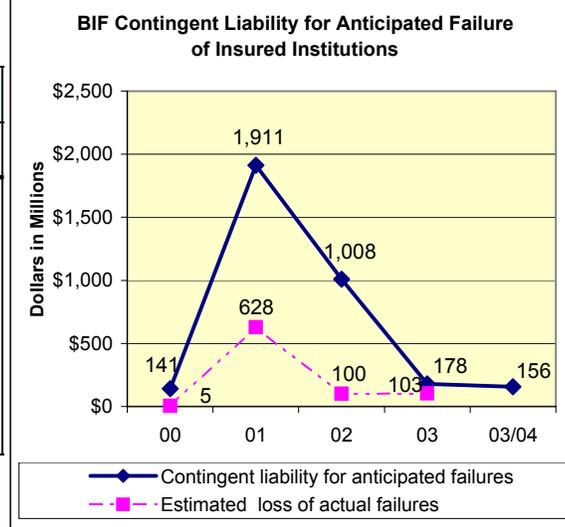


## Bank Insurance Fund Balance Sheets March 2004

Dollars in Millions

	(Unaudited) March 31 2004	December 31 2003	(Unaudited) March 31 2003
<b>Assets</b>			
Cash and cash equivalents	\$ 2,336	\$ 2,544	\$ 4,029
<i>Investment in U.S. Treasury obligations, net</i>			
Held-to-maturity securities	16,826	16,293	15,997
Available-for-sale securities	14,316	14,210	11,593
Interest receivable on investments and other assets, net	597	551	483
Receivables from bank resolutions, net	379	511	1,179
Property and equipment, net	297	288	291
<b>Total Assets</b>	<b>34,751</b>	<b>34,397</b>	<b>33,572</b>
<b>Liabilities</b>			
Accounts payable and other liabilities	227	232	104
<i>Contingent Liabilities for:</i>			
Anticipated failure of insured institutions	156	178	872
Litigation losses and other	204	205	214
<b>Total Liabilities</b>	<b>587</b>	<b>615</b>	<b>1,190</b>
<b>Fund Balance</b>			
Accumulated net income	33,187	32,980	31,466
Unrealized gain on available-for-sale securities, net	977	802	916
<b>Total Fund Balance</b>	<b>34,164</b>	<b>33,782</b>	<b>32,382</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 34,751</b>	<b>\$ 34,397</b>	<b>\$ 33,572</b>

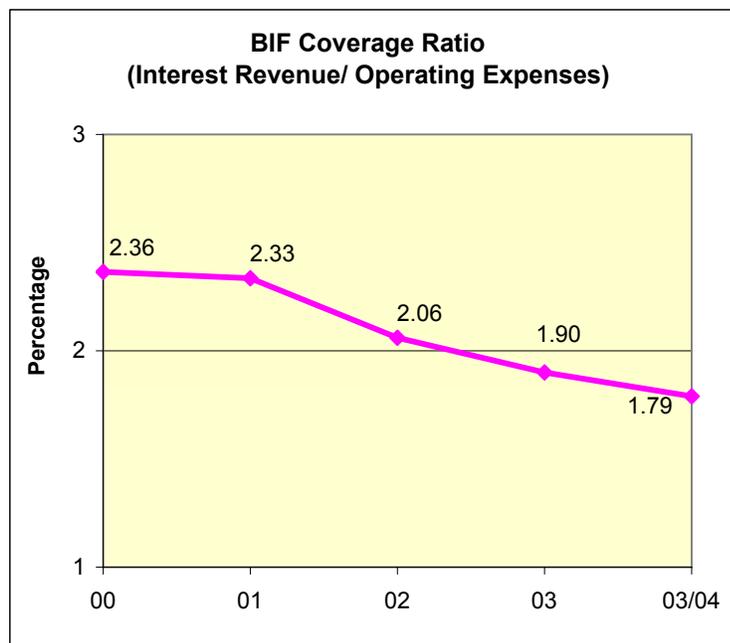
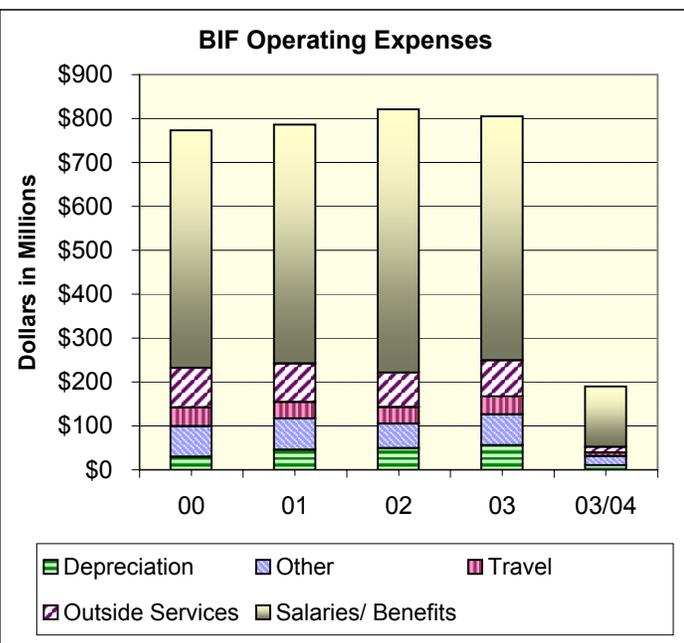
Investment Portfolio Total Returns			
Period	BIF	Merrill Lynch 1-10 Yr U.S. Treasury Index	Variance
Year-to-Date (01/01/04 - 03/31/04)	1.752%	2.068%	-0.316%
For the Year Ending 12/31/2003	3.042%	2.131%	0.911%
01/01/01 - 03/31/04	6.612%	6.553%	0.059%



This graph compares the contingent liability to the estimated losses for the banks that failed in the subsequent twelve months.

## Bank Insurance Fund Statements of Income and Fund Balance March 2004

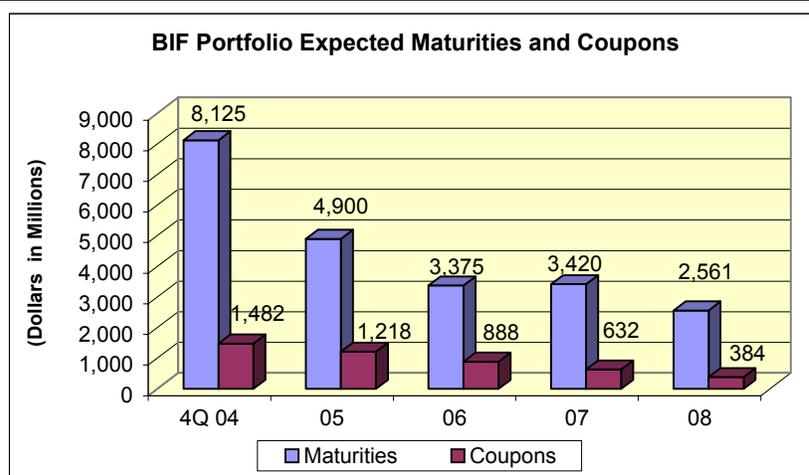
Dollars in Millions	Year-to-Date			(Unaudited) For the Quarter Ending March:	
	(Unaudited) March 31 2004	December 31 2003	(Unaudited) March 31 2003	2004	2003
<b>Revenue</b>					
Interest on U.S. Treasury obligations	\$ 340	\$ 1,530	\$ 376	\$ 340	\$ 376
Assessments	19	80	19	19	19
Other revenue	3	16	5	3	5
<b>Total Revenue</b>	<b>362</b>	<b>1,626</b>	<b>400</b>	<b>362</b>	<b>400</b>
<b>Expenses and Losses</b>					
Operating expenses	190	805	175	190	175
Provision for insurance losses	(37)	(928)	(6)	(37)	(6)
Interest and other insurance expenses	2	7	2	2	2
<b>Total Expenses and Losses</b>	<b>155</b>	<b>(116)</b>	<b>171</b>	<b>155</b>	<b>171</b>
<b>Net Income</b>	<b>207</b>	<b>1,742</b>	<b>229</b>	<b>207</b>	<b>229</b>
Unrealized gain/(loss) on available-for-sale securities, net (current period)	175	(10)	103	175	103
<b>Comprehensive Income</b>	<b>382</b>	<b>1,732</b>	<b>332</b>	<b>382</b>	<b>332</b>
<b>Fund Balance - Beginning</b>	<b>33,782</b>	<b>32,050</b>	<b>32,050</b>	<b>33,782</b>	<b>32,050</b>
<b>Fund Balance - Ending</b>	<b>\$ 34,164</b>	<b>\$ 33,782</b>	<b>\$ 32,382</b>	<b>\$ 34,164</b>	<b>\$ 32,382</b>



## Bank Insurance Fund Statements of Cash Flows March 2004

*Dollars in Millions*

	(Unaudited) March 31 <u>2004</u>	December 31 <u>2003</u>	(Unaudited) March 31 <u>2003</u>
<b>Operating Activities</b>			
<i>Provided by:</i>			
Interest on U.S. Treasury obligations	\$ 485	\$ 1,794	\$ 419
Recoveries from bank resolutions	181	1,034	70
Assessments	36	81	37
Miscellaneous receipts	5	112	7
<i>Used by:</i>			
Operating expenses	(205)	(754)	(214)
Disbursements for bank resolutions	(34)	(936)	(867)
Miscellaneous disbursements	(1)	(32)	(23)
<b>Net Cash Provided by (Used by) Operating Activities</b>	<b>467</b>	<b>1,299</b>	<b>(571)</b>
<b>Investing Activities</b>			
<i>Provided by:</i>			
Maturity of U.S. Treasury obligations, held-to-maturity	610	3,890	685
Maturity or sale of U.S. Treasury obligations, available-for-sale	440	1,690	410
<i>Used by:</i>			
Purchase of property and equipment	(20)	(43)	(13)
Purchase of U.S. Treasury obligations, held-to-maturity	(1,209)	(3,659)	(1,089)
Purchase of U.S. Treasury obligations, available-for-sale	(496)	(5,240)	0
<b>Net Cash (Used by) Provided by Investing Activities</b>	<b>(675)</b>	<b>(3,362)</b>	<b>(7)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(208)</b>	<b>(2,063)</b>	<b>(578)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>2,544</b>	<b>4,607</b>	<b>4,607</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 2,336</b>	<b>\$ 2,544</b>	<b>\$ 4,029</b>



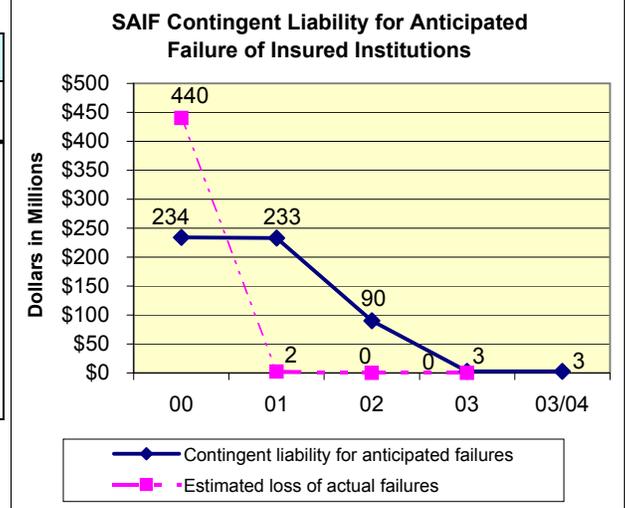
## Savings Association Insurance Fund Balance Sheets March 2004

Dollars in Millions

	(Unaudited) March 31 2004	December 31 2003	(Unaudited) March 31 2003
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 668	\$ 827	\$ 2,305
Cash and other assets - restricted for SAIF-member exit fees	321	319	314
<i>Investment in U.S. Treasury obligations, net</i>			
Held-to-maturity securities	7,250	6,824	5,571
Available-for-sale securities	4,011	4,152	3,685
Interest receivable on investments and other assets, net	210	189	141
Receivables from thrift resolutions, net	278	273	288
<b>Total Assets</b>	<b>\$ 12,738</b>	<b>\$ 12,584</b>	<b>\$ 12,304</b>
<b>Liabilities</b>			
Accounts payable and other liabilities	\$ 19	\$ 21	\$ 14
<i>Contingent Liabilities for:</i>			
Anticipated failure of insured institutions	3	3	69
Litigation losses	1	1	1
SAIF-member exit fees and investment proceeds held in escrow	321	319	314
<b>Total Liabilities</b>	<b>344</b>	<b>344</b>	<b>398</b>
<b>Fund Balance</b>			
Accumulated net income	12,061	11,966	11,592
Unrealized gain on available-for-sale securities, net	333	274	314
<b>Total Fund Balance</b>	<b>12,394</b>	<b>12,240</b>	<b>11,906</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 12,738</b>	<b>\$ 12,584</b>	<b>\$ 12,304</b>

### Investment Portfolio Total Returns

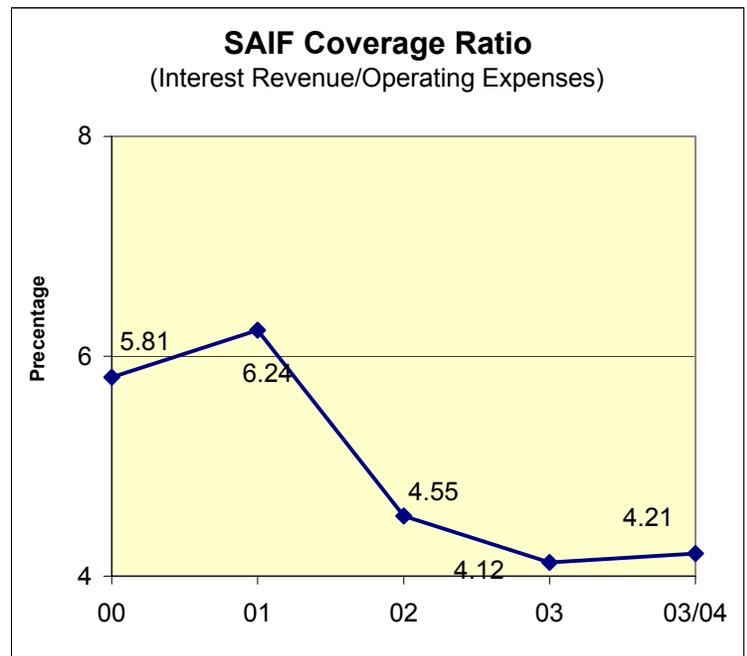
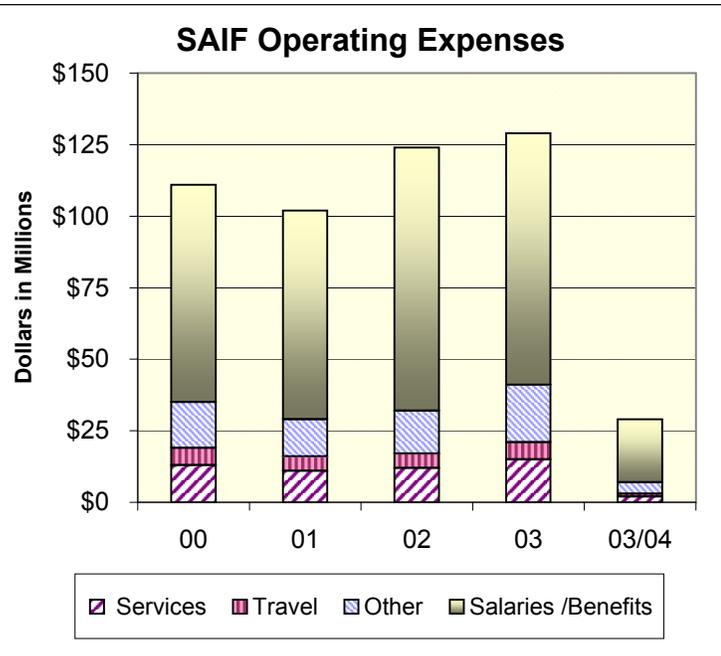
Period	SAIF	Merrill Lynch 1-10 Yr U.S. Treasury Index	Variance
Year-to-Date (01/01/04 - 03/31/04)	1.965%	2.068%	-0.103%
For the Year Ending 12/31/2003	3.010%	2.131%	0.879%
01/01/01 - 03/31/04	6.859%	6.553%	0.306%



This graph compares the contingent liability to the estimated losses for the thrifts that failed in the subsequent twelve months.

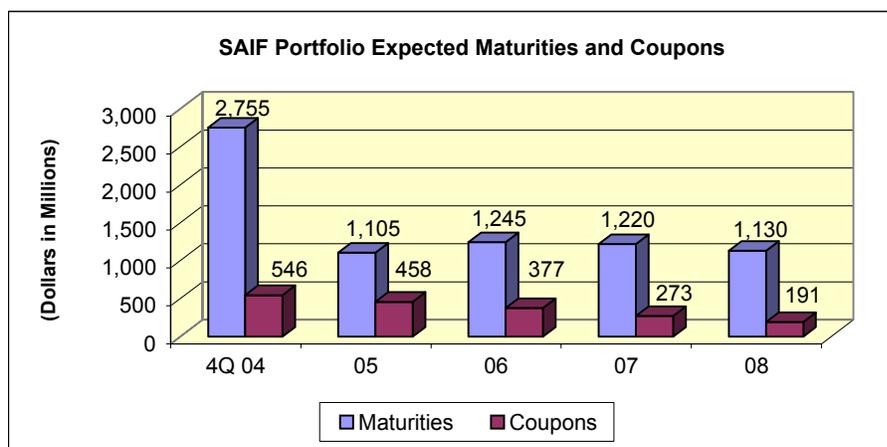
## Savings Association Insurance Fund Statements of Income and Fund Balance March 2004

Dollars in Millions	<u>Year-to-Date:</u>			<u>(Unaudited)</u> <u>For the Quarter Ending March:</u>	
	<u>(Unaudited)</u> <u>March 31</u> <u>2004</u>	<u>December 31</u> <u>2003</u>	<u>(Unaudited)</u> <u>March 31</u> <u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Revenue</b>					
Interest on U.S. Treasury obligations	\$ 122	\$ 532	\$ 130	\$ 122	\$ 130
Assessments	3	15	4	3	4
Other revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>125</b>	<b>547</b>	<b>134</b>	<b>125</b>	<b>134</b>
<b>Expenses and Losses</b>					
Operating expenses	29	129	29	29	29
Provision for insurance losses	1	(82)	(21)	1	(21)
Other expenses	0	0	0	0	0
<b>Total Expenses and Losses</b>	<b>30</b>	<b>47</b>	<b>8</b>	<b>30</b>	<b>8</b>
<b>Net Income</b>	<b>95</b>	<b>500</b>	<b>126</b>	<b>95</b>	<b>126</b>
Unrealized gain/(loss) on available-for-sale securities, net (current period)	59	(7)	33	59	33
<b>Comprehensive Income</b>	<b>154</b>	<b>493</b>	<b>159</b>	<b>154</b>	<b>159</b>
<b>Fund Balance - Beginning</b>	<b>12,240</b>	<b>11,747</b>	<b>11,747</b>	<b>12,240</b>	<b>11,747</b>
<b>Fund Balance - Ending</b>	<b>\$ 12,394</b>	<b>\$ 12,240</b>	<b>\$ 11,906</b>	<b>\$ 12,394</b>	<b>\$ 11,906</b>



## Savings Association Insurance Fund Statements of Cash Flows March 2004

<i>Dollars in Millions</i>	(Unaudited) <u>March 31</u> <u>2004</u>	December 31 <u>2003</u>	(Unaudited) <u>March 31</u> <u>2003</u>
<b><u>Operating Activities</u></b>			
<i>Provided by:</i>			
Interest on U.S. Treasury obligations	\$ 168	\$ 621	\$ 152
Assessments	5	15	8
Entrance and exit fees, including interest on exit fees	1	4	2
Recoveries from thrift resolutions	1	14	1
Miscellaneous receipts	0	15	7
<i>Used by:</i>			
Operating expenses	(33)	(130)	(32)
Disbursements for bank resolutions	(6)	(7)	(2)
<b>Net Cash Provided by Operating Activities</b>	<b>136</b>	<b>532</b>	<b>136</b>
<b><u>Investing Activities</u></b>			
<i>Provided by:</i>			
Maturity of U.S. Treasury obligations, held-to-maturity	100	1,170	185
Maturity and sale of U.S. Treasury obligations, available-for-sale	175	575	200
<i>Used by:</i>			
Purchase of U.S. Treasury obligations, held-to-maturity	(569)	(2,305)	0
Purchase of U.S. Treasury obligations, available-for-sale	0	(1,008)	(87)
<b>Net Cash (Used by) Provided by Investing Activities</b>	<b>(294)</b>	<b>(1,568)</b>	<b>298</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(158)</b>	<b>(1,036)</b>	<b>434</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>1,059</b>	<b>2,095</b>	<b>2,095</b>
<b>Unrestricted Cash and Cash Equivalents-Ending</b>	<b>668</b>	<b>827</b>	<b>2,304</b>
<b>Restricted Cash and Cash Equivalents-Ending</b>	<b>233</b>	<b>232</b>	<b>225</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 901</b>	<b>\$ 1,059</b>	<b>\$ 2,529</b>



## FSLIC Resolution Fund Condensed Financial Statements March 2004

*Dollars in Millions*

	(Unaudited) March 31 <u>2004</u>	December 31 <u>2003</u>	(Unaudited) March 31 <u>2003</u>
<b><u>Operating Results</u></b>			
Total Revenue	\$ 76	\$ 50	\$ 10
Operating expenses	2	28	4
Provision for losses	2	(58)	(14)
Expenses for goodwill settlements and litigation	(6)	15	0
Comprehensive Income	\$ 26	\$ 51	\$ 20
<b><u>Financial Condition</u></b>			
Cash and cash equivalents	\$ 3,359	\$ 3,278	\$ 3,269
Receivables from thrift resolutions and other assets, net	103	109	124
Investment in Securitization-Related Assets	25	90	95
Accumulated Deficit, net	(122,896)	(122,922)	(122,953)
Resolution Equity	\$ 3,482	\$ 3,456	\$ 3,475

*Dollars in Millions*

